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Boosting Sales Force Morale in Highly Dynamic, Complex Markets: The Role of Job Resources

Nikolaos G. Panagopoulos, PhD, Bryan Hochstein, PhD, Thomas L. Baker, PhD, and Michael A. Pimentel, PhD Candidate

Improving sales force morale, defined as the sales force's collective attitudes toward major aspects of the job and organization, can be a valuable strategy to significantly enhance job performance and reduce employee turnover. For example, Groupon has experienced above average rates of employee turnover due to low employee morale. Not surprisingly, many companies, such as John Deere and Facebook, are investing substantial resources to measure, manage, and improve employee morale. Despite the benefits that can come from high employee morale, little is known about what factors impact sales force morale. The aim of our research is to understand: (1) What market demands negatively impact sales force morale; (2) What resources an organization can leverage to buffer the negative effects market demands have on sales force morale; and (3) What impact sales force morale has on key organizational outcome measures.

Job Demands and Job Resources

Salesperson behavior and performance are a function of job characteristics that can be classified into two categories: job demands and job resources. *Job demands* are aspects of the job that require sustained physical or psychological (cognitive or emotional) effort or skills and are therefore associated with certain physical and/or psychological costs. For example, work pressure or work-related stress can result in salesperson burnout derived from the consistent effort required to meet work demands. In an attempt to buffer the negative effects associated with job demands, salespeople will often draw on job resources.

*Job resources* are physical, psychological, social, or organizational components of a job that function to help salespeople achieve work goals, reduce job demands (and their costs), and/or stimulate learning. When job resources are properly implemented, they can provide salespeople with tools and motivation that help improve work engagement and performance. For example, a salesperson who works in a fast-paced environment may become highly stressed. However, if the salespeople are provided the help of a support assistant or technology to automate some aspects...
of their job (e.g., automatic e-mail response, automated billing, etc.), that resource makes some aspects of the job easier, offsetting the high demand of other aspects of the job.

Using job-demand resource theory as our theoretical lens, our study shows that the enhancement of morale through three job resources will reduce the negative effect of market demands on sales force morale. These job resources are: (1) sales capabilities training, training directed at improving the sales force's task-related knowledge, skills, and abilities in proactive response to job demands; (2) firm's product portfolio depth, characterized by firms carrying product lines comprising a large number of product variants; and (3) sales unit's cross-functional cooperation, which is the degree to which the sales unit cooperates with the marketing and research and development (R&D) units in the strategy-making process.

**Job Demands-Resources Theory**

Job demands-resources (JD-R) theory suggests that employee job strain, and thus reduced levels of performance, occurs when there is an imbalance between demands on employees and the resources available to respond to those demands. Thus, we investigated the negative impact of two salient demands inherent in the external market environment—that is, customer purchase complexity and market dynamism—on sales force morale. Customer purchase complexity refers to the extent to which sales force tasks entail working with a customer base whose purchase decision-making processes involve long purchase times, high levels of information needs, and/or largely unfamiliar purchase situations. Market dynamism refers to business environments that experience frequent change and shifts in focus. Furthermore, JD-R theory suggests that increases in job resources—that is, “tools” provided by the firm to help the sales force successfully manage increased demands—can “buffer” the negative impacts of job demands. Therefore, we also explored three job resources that could attenuate the negative impact of market demands on morale (i.e., sales capabilities training, firm's product portfolio depth, and sales unit's cross-functional cooperation). Finally, we also investigated the extent to which sales force morale would reduce sales force turnover and increase sales force productivity.

**Results and Implications for Real Estate**

The results of our study revealed evidence that sales force morale helps increase sales force productivity while lowering salesperson voluntary turnover rates. Specifically, we found that an increase of morale by one point on a 5-point scale improved sales force productivity by €226,834 (the equivalent of about $250,068 in US currency) of operating revenues per salesperson, while it lowered turnover rate by 5%. These findings are particularly relevant for real estate firms that face challenges with high levels of turnover or seek to improve salesperson productivity.

This study informs managers on the steps they might want to consider while measuring and monitoring morale of their real estate agents. In particular, managers may want to focus on employee satisfaction with the job, along with employee satisfaction with company policy and
procedures. Also, with regard to the role of market demands, we found that both customer purchase complexity and market dynamism lowered sales force morale. Although managers have little, if any, influence on the external environment, they can, however, manage how salespeople deal with complexity and dynamism. Specifically, our research suggests that job resources, such as sales capabilities training and sales unit's cross-functional cooperation, can mitigate the negative effects of either purchase complexity or market dynamism.

For example, training real estate agents with a goal of improving their sales capabilities can weaken the negative impact of purchase complexity and market dynamism on morale. If a property sale entails working with customers who need a great deal of information before making a purchase commitment or when customer needs change frequently, agents need to be trained in areas such as understanding customer needs or communicating effectively with customers to acquire the capabilities needed for mitigating the influence of complexity and dynamism.

Finally, our study indicates that when sales forces are tasked with promoting a deep product portfolio, the negative effects that purchase complexity and market dynamism have on sales force morale are amplified. However, this aspect is not likely to affect real estate agents who focus primarily on a single product line. Managers should acknowledge such contingencies uncovered by our research and try to manage their occurrence by providing additional support or coaching to their real estate agents.

**Recommended Reading**


**References**


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Dr. Nikolaos G. Panagopoulos (PhD – Athens University of Economics & Business) is an award-winning author, professor, and consultant working globally in the areas of selling, sales management, and marketing strategy for the past 19 years with many Fortune 500 firms. Nick has contributed more than 35 articles in scientific journals such as the *Journal of Marketing*, *International Journal of Research in Marketing, Journal of the Academy of Marketing Science, Journal of Service Research, Journal of Organizational Behavior, Journal of Personal Selling & Sales Management, Industrial Marketing Management, Journal of Business Ethics*, etc.

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Dr. Bryan Hochstein’s (PhD – Florida State University) research has been published in the *Journal of Marketing, Journal of the Academy of Marketing Science, Industrial Marketing Management, Journal of Personal Selling and Sales Management, Journal of Business Research, Marketing Letters*, and the *Journal of Marketing Theory and Practice*. His industry experience includes a twenty-year career in the service/sales industry. Bryan’s *research experience* is within the broad topic of sales. Bryan is a thought leader of research and education on Customer Success Management (CSM), and his research and teaching on CSM are among the first on the subject. Recent research topics include the CSM and the sales-service interface, CSM ambidexterity & role, and the customer’s view of CSM.

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Dr. Thomas Baker’s (PhD – Florida State University) research interests are in the areas of consumer/employee interactions in service settings, service recovery efforts, and organizational approaches to maximizing service delivery. Prior to coming to The University of Alabama, Dr. Baker was Associate Professor of Marketing at Clemson University (2006-2013), Assistant/Associate/ Full Professor of Marketing at the University of North Carolina Wilmington (1994-2006), and Assistant Professor of Marketing at the University of Akron (1989-1994). Dr. Baker has been a visiting lecturer at the Manchester Business School, Zagreb School of Business.
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